

## **KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD**

### **Small Employer Health Options Program (SHOP) Subcommittee**

#### **Meeting Minutes**

**October 21, 2014**

#### **Call to Order and Roll Call**

The SHOP Subcommittee met on Tuesday, October 21, 2014 at 3:00 p.m. at the Kentucky Office of Health Benefit and Health Information Exchange (KOHBE). Jeff Bringardner, Chair, called the meeting to order at 3:00 P.M., and the Secretary called the roll.

Subcommittee Members Present: Jeffrey Bringardner (by phone), Wayne Barber (by phone), Dr. Joe Ellis (by phone), Carl Felix (by phone), Jan Gould, Harry Hayes, Connie Hauser (by phone), Jack Tillman (by phone) and Bob Weiss.

Staff Present: Kerry Adkins (OATS), Reina Diaz-Dempsey, Leigh Edens, Wanda Fowler, David Ison (OATS), and Lavina Johnson (OATS).

#### **Approval of Minutes**

A motion was made to accept the minutes of the August 12, 2014 meeting, as submitted, seconded and approved by voice vote.

#### **Update on SHOP and the Exchange**

Carrie Banahan, Executive Director, Office of Kentucky Health Benefit Exchange provided an update on the activities of the Exchange. Open enrollment for individuals will begin November 15, 2014 and continue through February 15, 2015. The Exchange will be passively renewing over 80,000 individuals. The staff at the kynect contact center has more than doubled since the last open enrollment

The SHOP will be renewing to 13 groups for January 1, 2015. Notices were sent to affected employers the week of October 15, 2014. The SHOP is scheduled to be revamped to be more user-friendly in May, 2015.

All health plans have been certified for SHOP and are available for employers and agents to view. The certification process for the individual market is in process; there are over one hundred (100) plans to be certified by November 1, 2014.

#### **Employee Choice**

Employee choice is being revisited for the new design to assure that the new design is per the recommendation of the SHOP Subcommittee. The current design is very broad allowing for one plan, more than one plan provided they are contiguous and all plans from one or more issuer.

Jim Sugden, Deloitte Consulting, provided information on how other states are addressing employer choice in their SHOPS. Absent any data showing that the current design is having any

impact on adverse selection, the subcommittee recommended that the current policy be maintained.

### **Length of Open Enrollment**

Final SHOP regulations issued by the Department of Health and Human Services waived the requirement to have a 30-day open enrollment period. This issue was raised earlier to the subcommittee and it was recommended that the members be surveyed. Members were surveyed and although there were not a lot of responses, in general, members wanted uniformity and a minimum of 15 days. Employers in SHOP have expressed that they do not need 30 days to complete enrollments given that they have few employees.

With the new design, open enrollments will end on the 10<sup>th</sup> of the month with coverage the first day of the following month. Members expressed the desire for uniformity and keeping the system simple for administrative purposes. It was noted that some employers have gone outside SHOP to purchase coverage because the 30-day open enrollment requirement delays the coverage effective date.

The Subcommittee did not have a recommendation and expressed the need for the SHOP to be flexible to provide the SHOP the most ease in administration. Members asked that the Exchange draft options for open enrollment for consideration. This information is needed prior to system design

### **Pre-screening Quoting Tool**

Jim Sugden, Deloitte Consulting, presented an overview of the pre-screening tool that will be available early to mid-November, 2014. The tool is designed to address concerns of agents and employers regarding their inability to estimate the cost to both employers and employees prior to selecting plans. Group plan rates for 2015 will be available at that time. When enhancements to SHOP are available in May, this functionality will be built into the system.

### **Reference Plans**

The new system will include the ability for employers to select a reference plan to base their contribution. Employers are familiar with the concept and the SHOP is moving forward with building this functionality.

### **Defined Contribution**

Mr. Sugden submitted for discussion a draft white paper titled “A Practical Approach to Defined Contribution in Public Exchanges.” The paper describes three (3) approaches that may be used by employers to predict and/or control costs and the pros and cons of each approach. The paper raises issues that need to be addressed prior to an Exchange adopting a defined contribution approach.

### **Other Business**

There was no other business.

### **Adjournment**

The meeting was adjourned at 4:18 P.M.